

City of Corunna
Regular Council Meeting
Monday, October 20, 2003

Present: Corey, Johnson, Lantis, Mehigh, Runyan, Sanderson, Wagner.

Absent: None.

Guests: Joe Sawyer, City Manager; Chief Scott Johnson, Fire Department; Judy Horton; Helen Granger, The Independent; Merilee Lawson, City Assessor/Planner; Lonny Latunski, Shiawassee County Road Commission; Sgt. Kevin Clark, Police Department; and other concerned citizens.

The meeting was called to order in the City Council Chambers by Mayor Corey at 7:00 p.m.

MINUTES OF THE PREVIOUS REGULAR MEETING: Johnson moved, Sanderson seconded to approve the regular meeting minutes dated October 6, 2003 as presented.

Roll call vote:

Yes: Wagner, Johnson, Sanderson, Runyan, Lantis, Mehigh.

No: None.

Motion CARRIED

AGENDA APPROVAL: Runyan moved, Wagner seconded to approve the agenda as presented by moving Item No. 4) Executive Session to Consider Land Acquisition to Item No. 6, changing Item No. 4 to Consider Traffic Control Order No. 208 and adding Item No. 5) Consider Waiving Curb and Gutter Standard for New Road Commission Road and Dedication of the Road to the City.

Roll call vote:

Yes: Lantis, Runyan, Mehigh, Wagner, Johnson, Sanderson.

No: None.

Motion CARRIED

APPROVAL OF VENDOR DISBURSEMENTS: Wagner moved, Runyan seconded to approve the vendor disbursements as presented.

Roll call vote:

Yes: Runyan, Wagner, Lantis, Sanderson, Mehigh, Johnson.

No: None.

Motion CARRIED

CITY MANAGER'S REPORT: Mr. Sawyer advised Davis Construction is back in town to replace the water main under the river. He further advised the curb and gutter on East Mack Street should be done Tuesday or Wednesday and the Comstock Street intersection should reopen this weekend. Mayor Corey stated Councilperson Mehigh informed him that the water main was suppose to be done by October 15. Mayor Corey asked if there was a deadline date set. Mr. Sawyer advised this date was within Davis Construction's

progress schedule, which is something that Davis Construction submitted to the state. Any penalty assessment would be an issue between the State of Michigan and the contractor. Mayor Corey asked if the bridge would have to be closed another day. Mr. Sawyer advised no.

CONSIDER RESIGNATION OF DEBRA HOFFMAN FROM THE BOARD OF REVIEW

AND ZONING BOARD OF APPEALS: Johnson moved, Wagner seconded to accept the resignation of Debra Hoffman from the Board of Review and Zoning Board of Appeals effective immediately with regret.

Roll call vote:

Yes: Sanderson, Mehig, Johnson, Lantis, Wagner, Runyan.

No: None.

Motion CARRIED

CONSIDER RESIGNATION OF GEORGE FULLER FROM THE FOURTH OF JULY

COMMISSION: Wagner moved, Johnson seconded to accept the resignation of George Fuller from the Fourth of July Commission effective immediately with regret.

Roll call vote:

Yes: Mehig, Lantis, Runyan, Johnson, Sanderson, Wagner.

No: None.

Motion CARRIED

CONSIDER TOWER LICENSE WITH BLUMERICH COMMUNICATIONS:

Mr. Sawyer discussed the letter he faxed to Blumerich Communications on October 20, 2003. He advised the city would not be granting an exclusive license for using the water tower to Blumerich Communications and he was recommending that the city include the language "up to two antennas on the water tower" into the agreement. He further advised he made it clear to Blumerich Communications that they would not be able to have cellular or wireless Internet communications broadcast through the antennas. He also advised them that access to the equipment room would be supervised access only, which has to do with the vulnerability assessment in regards to the city's water system. The city has to put together a vulnerability program for the state to make sure a terrorist attack cannot be made to the city's water supply. Mr. Sawyer explained the city has included specific language for the method of renewal, percent of increase, method of termination, monthly fees and the amount of liability insurance that is required into the agreement. The city's insurance carrier has recommended a two million dollar liability with a minimum of one million dollars and that the city be added to Blumerich's insurance as an additional insured. Mayor Corey stated he heard back from one of the cities he contacted and this city was going to get \$15,000 a year. He suggested adding a time frame in case this antenna interferes with the city's signal. It is critical for the city to operate its water tower without interference. Mr. Sawyer advised the Federal Communication Commission regulates signals a little bit, but the city could throw in an additional clause that states if there is any interference with any public safety frequency then Blumerich is to immediately cease broadcast. He further advised he would add this clause to the same paragraph where it gives the city a 90-day termination option. Councilperson Lantis asked what rate Durand received. Mr. Sawyer advised the same rate. Mayor Corey

stated he felt the city should get more money. The city should get at least \$300 per month and a three percent increase per year. Councilperson Mehigh suggested \$150 per license, which would give the city \$300. Mr. Sawyer advised Blumerich has stated it would only start with one license. Mayor Corey advised he was talking about charging \$300 per license. Councilperson Sanderson asked where the rent money would go. Mr. Sawyer advised wherever council wants the money to go, but he thought the money should go to the water fund since the antenna is on the water tower. Councilperson Mehigh suggested letting the city manager negotiate the monthly rate because he would have a better feel for what the city could get than the city council does. Mayor Corey asked what interest rate should be negotiated. Councilperson Mehigh stated three percent per year. Councilperson Johnson stated she has dealt with Blumerich Communications and they are very slow when something needs to be fixed and she was not pleased with them at all. Mayor Corey stated the city is only leasing them space and taking their money. Mehigh moved, Sanderson seconded to approve the Tower Site License with Blumerich Communications as presented, with the changes as per the October 20, 2003 letter to Blumerich Communications, and include a minimum monthly lease amount of no less than \$150 to be negotiated by the city manager with renewal increases of 15 percent every five years and every term after that, and authorize the mayor and city manager to sign and to include "licensee shall immediately correct or terminate transmitting and receiving if interference occurs with any publicly licensed frequency" in the termination paragraph.

Roll call vote:

Yes: Johnson, Sanderson, Wagner, Mehigh, Runyan, Lantis.

No: None.

Motion CARRIED

CONSIDER TRAFFIC CONTROL ORDER NO. 208: Johnson moved, Lantis seconded to accept Traffic Control Order No. 208, no parking at anytime on the 300 block of E. Mack Street on both sides. Councilperson Sanderson asked if the traffic control order would be enforced if council takes the time to pass it. There are so many non-parking areas in the city that are not enforced by the police department. Mayor Corey asked who Councilperson Sanderson was directing the question to. Councilperson Sanderson advised whoever wants to answer the question. Mayor Corey stated he thought the city tries to enforce everything, but the city cannot enforce something if the city does not have the law and this law is needed to get federal funding for the street.

Roll call vote:

Yes: Wagner, Johnson, Sanderson, Runyan, Lantis, Mehigh.

No: None.

Motion CARRIED

CONSIDER WAIVING CURB AND GUTTER STANDARD FOR NEW ROAD

COMMISSION ROAD AND DEDICATION OF THE ROAD TO THE CITY: Mehigh moved, Wagner seconded to allow the county to construct a road yet to be named off Corunna Avenue and dedicate the road to the City of Corunna, to waive the curb and gutter requirement and instruct the city manager to negotiate an agreement with the road commission to that end. Ms. Lawson stated Mr. Latunski advised the road would be

constructed 1,000 feet, but she wants to be able to review the footage to determine if 1,000 feet is where the city wants the road to end in order to accommodate the industrial growth that might develop in that area. She further stated she wants to make sure the road commission will handle all of the surveying and topographical for the entire area. Mr. Latunski advised when a road is designed, a topographical is done for the area and a proposed drain easement would also be done.

Roll call vote:

Yes: Lantis, Runyan, Mehigh, Wagner, Johnson, Sanderson.

No: None.

Motion CARRIED

EXECUTIVE SESSION TO CONSIDER LAND ACQUISITION: Johnson moved, Runyan seconded to leave the regular session and go into executive session to consider land acquisition.

Roll call vote:

Yes: Runyan, Wagner, Lantis, Sanderson, Mehigh, Johnson.

No: None.

Motion CARRIED Time was 7:40 p.m.

Mehigh moved, Lantis seconded to leave the executive session and return to the regular session.

Roll call vote:

Yes: Sanderson, Mehigh, Johnson, Lantis, Wagner, Runyan.

No: None.

Motion CARRIED Time was 8:10 p.m.

Councilperson Lantis stated she wanted to know what it would cost to promote the property, how much would be offered in tax abatements, and how long it would take before any industrial complexes would be occupied. Mayor Corey stated those were fair questions that some of council have asked at different stages. Mr. Sawyer stated the Shiawassee Economic Development Partnership would do the promoting and business recruiting for the city. Machine Tool and Gear is in bankruptcy so the city does not know what will happen to this company, but they provide 10 percent of the city's tax base so if they leave, it will hit the city hard. Ms. Lawson advised a two-acre lot would sell for \$20,000 to \$30,000 a piece. If the city decides in two years that it does not want to pay to develop the property, the city will make a profit in the amount of \$100,000 by just selling the property. Councilperson Lantis stated the city does not know that because prices are dropping and people are losing their jobs. Ms. Lawson advised she does not find that to be so. She has found that the supply and demand of lots to build on in Shiawassee County are hard to find. She further advised there seems to be plenty of people who have enough money and credit to build a house. She also advised the City of Corunna has no chance of getting any kind of taxable value growth that will offset the rising expenses that will occur three to six years down the road. The only chance a small city has is to develop industrial parks. Ms. Lawson stated Shiawassee County has not done a good job at all in promoting the industrial parks in the county. She further stated council is being asked to take a gamble on purchasing a piece of property that is a prime piece of

industrial zoned ground in all of Shiawassee County. The city has the potential to bring the infrastructure out to that land and it might take five or ten years, but this might be the only salvation the City of Corunna has to maintain some level of tax base to support the infrastructure that is needed. She further stated Machine Tool and Gear gives the city eight to 10 million dollars of its 53 million dollar tax base. In order to get decent industry, the city needs to have large tracks of ground to develop. She also stated no one has taken the time to promote industrial growth in this community. The city should be able to get federal grant money but the city has to own the land. Ms. Lawson explained state level funding is available, but the federal money is more of a guarantee than the state money is. She further explained the state money currently available is called Local Development Finance Authority, which will bring the Michigan Economic Development Corporation into the picture who will help the city promote the land. If there is a factory looking to build that will bring in 30 new jobs, the city might get \$10,000 to \$50,000 in grant money for every job that is created to expand the city's infrastructure.

Councilperson Lantis asked if the money would come from the state. Ms. Lawson advised yes. Councilperson Lantis asked if this money would be available if the city owns the land outright. Mr. Sawyer advised the bad news is the city cannot get a personal mortgage, but it can do an installment purchase, which means the city will own the land immediately. Councilperson Lantis asked if the Shiawassee Economic Development Corporation was going to help the city promote the new property in addition to the properties that are now empty. Mr. Sawyer advised yes. Ms. Lawson advised the Shiawassee Economic Development Corporation has had a fairly good success rate since it came to be. The problem is no one in the past has ever promoted industry. She further advised there is no other land in the City of Corunna that can generate the taxable value the way industry can and the city needs industry.

Councilperson Lantis stated the city has buildings within the city that could be used and the city also has smaller land. Ms. Lawson stated the former DBM building is very low on the attraction scale for any kind of new industry coming in because 60 percent of the building is obsolete. The ceilings are too low and the two additions on the back of the building have adequate ceiling heights but there is no overhead crane mechanism for loading or unloading. She further stated she was not saying the building did not have potential, but the property owner has not promoted the property in a good way. The Shiawassee Economic Development Corporation did not even know the building was for sale or existed until this past year. She also stated the property owner is looking for a large amount of money in order for it to be worth selling the property. Councilperson Sanderson stated most of the people on the council have lived most of their lives around this area and know that Corunna has never gotten a fair shake from anything Owosso has done. He asked if anyone was sure that the Shiawassee Economic Development Corporation would not encourage Owosso to buy a piece of land in order to bump Corunna out of everything. Ms. Lawson advised there is not that much land available that is contiguous to the City of Owosso borders, and all of the available land in Owosso has been developed and utilized. She further advised Corunna happens to be in a perfect corridor where the city will be able to control the development, and the city needs a council that is willing to take a gamble. Mayor Corey stated he spoke to the city manager from St. Johns and was informed their industrial park saved the city. Ms. Lawson advised people have to understand that industrial parks have a high capital value in a

small concentrated area. Councilperson Mehigh stated in the 1960's, the federal government came up with the Clean Water Act, which gave a municipality 90 percent of the cost to repair its sewer system, but the city did not want anything to do with this program because the city could borrow a pump or two from Caledonia Township and pump the sanitary sewer into the storm sewer. The city got away with this for years, but now, the city has been told it can no longer do this and has to pay the entire amount to repair the sewer system. He further stated he does not know why the city fathers did not take advantage of the federal money when it could. He agreed that the city would not lose any money on the land acquisition because land never gets cheaper. Councilperson Runyan stated 40 percent of the city's land is non-taxable because the city is a county seat. The residential people are carrying the burden of the city services, but if the city can get industry in, which will be a higher tax base, then the burden will be lifted off of the residential people. Councilperson Sanderson asked where the city would get the money to get the infrastructure to the property. Mr. Sawyer advised there are a lot of different programs that will come into play. The city should qualify for a 50 percent federal grant to extend water and sewer to the property, which cuts the cost of the project in half. He further advised this area would be come a special assessment district, which would allow the city to do a special assessment bond. The special assessment bond would front the money for the project and the special assessment payments would pay the bond payment and the city would not have a debt limit. He also advised the city could have a trillion dollars worth of this kind of debt if there is revenue coming in to pay for the debt. Mr. Sawyer stated the city would be looking hard at the Clean Michigan Initiative for funding for its sewer repairs. This money has very cheap interest rate money that can be financed for 30 years. He further stated the city could only go in debt up to six million dollars unless the bond is a revenue bond because the state government is very strict on the amount of money that can be borrowed. He also stated the city could build an industrial park tomorrow and nothing might not be built for 20 years. Councilperson Sanderson asked how this purchase would affect an elderly person down the road. Mr. Sawyer advised if the 60-acre parcel is fully developed, there would be more taxable value than the entire city limits has right now. Councilperson Sanderson asked how much it would cost the people to get the 60-acres developed. Mr. Sawyer advised nothing because most of the costs would be paid for with a federal grant and the rest of the cost would be special assessed to those who will benefit from the services. Councilperson Lantis asked where the money would come from to promote the property and who would make the \$38,000 per year payment. Mayor Corey advised the \$38,000 payment would be paid from the city's contingency fund. He further advised 50 percent of the land purchase is eligible for a grant. Mr. Sawyer advised the city could either sell the land down the road to replenish the general fund, maintain ownership of the land or sell the lots to the industries that want to build. Councilperson Lantis stated the initial investment return might not happen for 20 years. Mayor Corey stated the city cannot expect anything to happen for five years. Councilperson Mehigh asked what would happen if the city does nothing. Ms. Lawson advised the city would continue the way it is now with declining taxable value. Mayor Corey stated the city's money would get smaller. Councilperson Mehigh asked what would happen with the services provided to the community. Mayor Corey advised the services will deteriorate. Councilperson Mehigh stated the city could also end up as part of the township again. Mayor Corey

advised that would require a vote of the people. Councilperson Mehigh stated the city is going to continue to deteriorate if the city does not do anything. Councilpersons Sanderson and Lantis agreed. Mayor Corey stated the city has not had appropriate leadership for a long time, but he was not trashing the other people on the council because he use to be on the council. Before the first sewer project was done in ward two, there were people who stated the city should not put money into the sewer system even though the city was getting matching funds because their toilets still flushed. He further stated the city is in a mess with the state's consent order because of this kind of thinking and with some bad construction. Ms. Lawson stated the city's capacity issue was another problem because the city could not get past the idea that the city would have growth. Councilperson Lantis asked if the current industrial park was at 100 percent. Ms. Lawson advised every site on Sleeseman Drive is filled. Mayor Corey advised the road commission land is not filled because it is not developed. He further advised the road commission wants \$35,000 per acre and this land does not have water or sewer. Mr. Sawyer stated this is a moment in history that the city should take a gamble on. Councilperson Sanderson asked what the city has to do to get the people of Corunna to understand what the city wants to do. Ms. Lawson advised she felt the city council was on the best track that the council has been on a long time. There are people who think that Corunna has a better rapport than there has been in a long time. Mayor Corey stated the positive or negative comments will always continue at the barbershop and coffee shop. Councilperson Sanderson stated recalls are popular in the area right now. Mayor Corey stated he does not care about that because his focus is on what is best for the future of Corunna. Councilperson Sanderson stated he was not afraid about that at all. Mayor Corey stated if council decides to move forward, then council should educate themselves so they will be able to explain to the public what is going to happen and why this is happening. He further stated if council thinks everyone is going to be happy, then council has another thing coming. Some of the people born and raised in the community, who have not wanted changes, are coming around because they see that their future generations are not going to survive in this community. Mehigh moved, Wagner seconded to purchase the 60 acres per the contract and authorize the city manager to execute the Buy/Sell Agreement and close on the property. Councilperson Lantis stated before any final decisions are made in this matter, the citizens of Corunna should be given an opportunity to voice their opinions. Mr. Sawyer stated he spent six years as a politician and council is not a democracy. The City of Corunna is a corporation and the city council is the board of directors, and it is the city council's job to make decisions based on what council feels is in the best interest of Corunna. He further stated council should not feel that it works for the majority. Council is a representative republic, which means council is elected to represent the people and to make decisions that council feels is in the best interest of the corporation. He also stated the people have the right to remove someone from the council if the people do not like what their representatives are doing. Mayor Corey stated he would not vote on something one way or the other because he was worried about being recalled.

Roll call vote:

Yes: Mehigh, Runyan, Johnson, Sanderson, Wagner.

No: Lantis.

Motion CARRIED

CALL TO AUDIENCE: Judy Horton stated she felt council has made a very wise decision. She is from the old school and did not attend a lot of council meetings before, but she has heard that the city has to have industry in this town. She further stated Councilperson Lantis is new and young, which the council needs, but Councilperson Lantis should not get any repercussions on this situation because everybody in town knows this has to happen. Ms. Horton also stated the Halloween party needs all the help it can get. Linda Lawson will probably contact council about carving pumpkins again this year. Councilperson Runyan asked when the Halloween party would be held. Ms. Horton advised October 31.

ROUNDTABLE DISCUSSION: Councilperson Johnson stated she took her daughter to McCurdy's revenge and the spook houses are so good. The people also do a great job.

Councilperson Wagner stated he feels the city council is doing the right thing. The city is on the ground floor of something that could be really big for our small community.

Councilperson Runyan stated there was no quorum at the SATA meeting last week so the meeting was rescheduled for October 21. He further stated he wanted to commend Councilperson Lantis for voting her convictions.

Councilperson Lantis stated she had to call the police department over the weekend and they did a fantastic job. There were children in the Elsa Meyer school yard that she thought were having paint gun wars, which is illegal, but the children were only playing lazar tag.

Councilperson Mehig stated he wanted to thank Ms. Lawson and Mr. Sawyer for the tremendous effort they put in with the property acquisition and they both should be commended for this.

Mayor Corey stated he agreed with Councilperson Mehig and was glad to see that everyone would be back for another two years. There is a huge amount of work to do in the next two years, but the council should be proud on what is being done. Mayor Corey asked if the library would be moved into the new building before December. Mr. Sawyer advised a new gas meter base is needed from Consumers Energy, which is on the same gas line that needs to be relocated because of the county generator. The gas line is 80-years old and Consumers Energy has had problems with this gas line so this would be an opportune time for them to replace and move their line before the generator is moved. He further advised Consumers Energy is being very greedy and has stated it will cost \$16,000 to replace the gas line that Consumers Energy is having problems with. Consumers Energy has the county over the barrel on this issue because the county violated the easement back in the 1980's when the generator was installed over the gas line. He also advised this is not a city problem; it is a county problem. Mr. Sawyer stated he has not advised the county of this dilemma with Consumers Energy, but he

hopes Consumers Energy will be reasonable. The gas meter installation is on hold until this issue gets resolved. He further stated the county has been very cooperative about moving the generator, which will cost \$12,000 to move, but the county will have to pay another \$16,000 to move the gas line since they violated the utility easement.

ADJOURN: Wagner moved, Sanderson seconded to adjourn.

Roll call vote:

Yes: Johnson, Sanderson, Wagner, Mehig, Runyan, Lantis.

No: None.

Motion CARRIED Time was 9:26 p.m.

STEVE COREY, MAYOR

YVONNE F. LONG, CITY CLERK